

Message Text

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ACTION EUR-25

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TO SECSTATE WASHDC 1335

INFO AMEMBASSY COPENHAGEN

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AMEMBASSY OSLO

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UNCLAS SECTION 1 OF 2 STOCKHOLM 0353

E.O. 11652: N/A

TAGS: ELAB, SW

SUBJECT: SWEDISH LO AND SAF SIGN ONE-YEAR GENERAL AGREEMENT

1. SUMMARY: SWEDISH TRADE UNION CONFEDERATION (LO) AND SWEDISH EMPLOYERS CONFEDERATION (SAF) SIGNED 1974 ONE-YEAR COLLECTIVE AGREEMENT JANUARY 26. AGREEMENT COVERS 800,000 LO MEMBERS IN PRIVATE SECTOR. AGREEMENT INCLUDES SKR 0.55 GENERAL WAGE INCREASE, SUPPLEMENTARY INCREASE FOR LOW-WAGE EARNERS, GUARANTEED WAGE DRIFT INCREASE OF SKR 0.55, BORADENED OCCUPATIONAL SICKNESS AND ACCIDENT INSURANCE, PHASED MOVEMENT TOWARD SHORTER WORK WEEK FOR UNDERGROUND AND SHIFT WORKERS, AND STUDIES FOR EMPLOYMENT SECURITY FOR PART-TIME WORKERS AND INCOME SECURITY FOR TRANSFERRED EMPLOYEES. PROVISIONS FORM BASIC AGREEMENT FOR MORE DETAILED INDUSTRY-WIDE AND LOCAL AGREEMENTS. NEGOTIATIONS ALMOST FOUNDERED AT LEAST MOMENT OVER DEMAND OF LO TRANSPORT WORKERS THAT DOCKWORKERS BE EXCUSED FORM PEACE OBLIGATION UNDER NEW AGREEMENT UNTIL SITUATION UNCLASSIFIED

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ON THE DOCKS, WHERE TRANSPORT AND SPLINTER INDEPENDENT

HARBORWORKERS UNION ARE COMPETING, IS SETTLED.
AMBIGUOUSLY WORDED PROTOCOL BY WHICH SAF SAID IT
ASSUMES NEW AGREEMENT IN FORCE IN ALL SECTORS
AND LO ADDED IT WILL TRY TO ENFORCE AGREEMENT IN ALL
SECTORS ALLOWED AGREEMENT TO BE SIGNED BY TRANSPORT
WORKERS PRESIDENT IN CAPACITY OF LO EXEC BOARD
MEMBER, EVEN THOUGH HE MAINTAINS AND LO UNDERSTANDS
TRANSPORT WORKERS TEMPORARILY RETAIN RIGHT TO STRIKE.
NEGOTIATIONS FOR PRIVATE SECTOR WHITE COLLAR EMPLOYEES
AND ALL EMPLOYEES IN PUBLIC SECTOR CONTINUING AND
LIKELY TO REFLECT LO-SAF TERMS. END OF SUMMARY.

2. NATIONWIDE BASIC AGREEMENT FOR 1974 IN PRIVATE SECOTR
SIGNED JANUARY 26 BETWEEN SWEDISH TRADE UNION
CONFEDERATION (LO) AND SWEDISH EMPLOYERS CONFEDERATION
(SAF). TERMS OF AGREEMENT ARE: 1) GENERAL INCREASE
OF SKR 0.55 PER HOUR (\$1.00-SKR. 4.80), EQUAL TO 3.3 PERCENT
AVERAGE WAGE INCREASE; 2) LOW-WAGE SUPPLEMENTAL
INCREASE OF 25PERCENT OF DIFFERENCE BETWEEN ACTUAL WAGE AND
CEILING OF SKR. 16.30, UP TO MAXIMUM OF ADDITIONAL
SKR. 0.50; 3) GUARANTEED WAGE DRIFT IN 1974 OF SKR 0.55;
4) UNDERGROUND AND CONTINUOUS THREE-SHIFT WORKERS TO
HAVE WORKWEEK REDUCED TO 36 HOURS (NOW 40), BY 1977.
SHIFT-WORKERS WITH FREE WEEKENDS TO DROP TO 38 HOURS;
5) JOIN STUDY TEAM TO REPORT BY APRIL 30 ON PROBLEM OF
ECONOMIC SECURITY FOR INTERNAL TRANSFERS; 6) LO AND SAF
RECOMMEND TO UNIONS AND EMPLOYERS THAT PART-TIME
EMPLOYEMTN SECURITY AND FRINGE BENEFITS BE RAISED TO
SAME LEVEL AS FULL-TIME EMPLOYEES; 7) BROADENED
OCCUPATIONAL ACCIDENT AND ILLNESS INSURANCE, INCLUDING
COVERAGE WHILE IN TRANSIT TO AND FROM JOB, AND GROUP LIFE
INSURANCE FROM AGE 16. THESE BENEFITS APPLIED TO WHITE
COLLAR WORKERS IN SPEARATE TCO AGREEMENT ALSO
SIGNED JANUARY 26 IN FIRST EXAMPLE OF IDENTICAL BLUE AND
WHITE COLLAR NEGOTIATIONS.

3. SAF ESTIMATES DIRECT COSTS OF AGREEMENT AT 8.1 PERCNET
OF WAGE COSTS; 3.3 PERCENT FOR GENERAL INCREASE, 1.4 PERCNET FOR LOW-
WAGE SUPPLEMENT, 3 PERCNET FOR WAGE DRIFT GUARANTEE, 0.4 PERCENT FOR
BROADENED INSURANCE COVERAGE. ANOTHER 5 PERCNET DUE TO
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LEGISLATED TRANSFER OF SUPPLEMENTARY PENSION CONTRIBUTION
FROM EMPLOYEE TO EMPLOYER, EFFECTIVE JANUARY 1, PLUS
OTHER SOCIAL COSTS SHOULD RAISE TOTAL FORESEEABLE WAGE
COSTS TO 13.1 PERCENT DURING 1974.

4. LO AND SAF AGREED TO WORK TOGETHER
IN OBTAINING EXCEPTIONS TO PRICE CONTROL WHEN NECESSARY TO
COVER INCREASED LABOR COSTS DUE TO THIS AGREEMENT.

5. TARGET DATE OF MARCH 15 SET FOR COMPLETION OF INDUSTRY-WIDE AGREEMENTS BASED ON GENERAL ACCORD. METALWORKING AND ENGINEERING INDUSTRY SPOKESMAN SAYS INCREASED COSTS WILL PROVIDE FURTHER IMPETUS TO EMPLOYERS TO RATIONALIZE AT EXPENSE OF JOBS. ALSO FEELS LOW-WAGE SUPPLEMENT ILLUSORY. WILL ONLY INCREASE PRESSURE AMONG SKILLED WORKERS TO MAINTAIN DIFFERENTIAL, PUSHING WAGE DRIFT AND COST INFLATION HIGHER. COMMERCIAL EMPLOYERS SIMILARY DISTURBED BY LOW-WAGE SUPPLEMENT WHICH SHOULD HAVE CONSIDERBLE IMPACT AMONG LOW-WAGE CLERKS, ETC.

6. 1974 AGREEMENT IS FIRST ONE-YEAR ACCORD SINCE MID-FIFTIES. ALSO SIGNED THE EARLIEST AND AFTER SHORTEST PERIOD OF DISCUSSION, 2. MONTHS, SINCE WW II. FIRST IN MANY YEARS TO BE SIGNED WITHOUT NEED OF GOVT MEDIATOR. REASONS FOR QUICK SIGING ARE 1) EARLY AGREEMENT TO HAVE ONE-YEAR ACCORD, 2) LOWERED ECONOMIC DEMANDS FOR LO AS RESULT OF LEGISLATED SHIT TO EMPLOYERS OF EMPLOYEE CONTRIBUTION TO SUPPLEMENTARY PENSION FUND, RESULTING IN AVERAGE SKR 1500 INCREASE IN TAKE-HOME PAY IN 1974, 3) GENERALLY UNCERTAIN ECONOMIC PICUTE DUE TO OIL CRISIS INCREASED PRESSURE FOR EARLY STABILIZATION OF WAGE CONDCTIONS, 4) ABSENCE OF BITTER PUBLIC ONE-UPMANSHIP BETWEEN LO, TCO, SACO, SR LEADERS WHICH POISONED ATMOSPHERS OF 1971 TALKS AND INDUCED VARIOUS TRADE UNION LEADERS TO HOLD UNTENABLE POSITIONS RATHER THAN BACK DOWN. ALL AGREE THAT 1973-74 NEGOTIATIONS QUIET AND BUSINESSLIKE, WITH NEW LO TROIKA OF PRAS GUNNAR NILSSON, VP LARS WESTERBERG,

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NEGOTIATING SECRETARY HARRY FJALLSTROM FUNCTIONING AS
WELL-PREPARED TEAM IN FIRST NEGOTIATIONS. REALISTIC
DEMANDS DISCUSSED AT MUCH EARLIER STAGE. QUICK LO-
SAF AGREEMENT RETURNED PRIVATE SECTOR TO POSITION OF
NATIONAL PACE-SETTER, POSITION ABANDONED IN 1969 AND 1971
WHEN PUBLIC SECTOR AGREEMENTS SEZ PATTERN.

7. NEGOTIATIONS CONTINUE FOR 1.5 MILLION SALARIED EMPLOYEES;
INCLUDING 300,000 IN PRIVATE INDUSTRY WHERE LAST YEAR OF
FIVE YEAR ACCORD IS BEING UPDATED; 460,000 GOVT EMPLOYEES,
AND 600,000 COUNTY AND MUNICIPAL WORKERS. FINAL
AGREEMENTS ARE EXPECTED TO GENERALLY FOLLOW ECONOMIC LINES
OF LO-SAF ACCORD. HOWEVER, DEMAND OF GOVT EMPLOYEES
FOR NEW JOB CLASSIFICATION SYSTEM MAJOR HURDLE THESE
NEGOTIATIONS AND MAY POSSIBLY AFFECT TALKS AT COUNTY AND
MUNICIPAL LEVELS IF LATTER WORKERS FEEL TWO DIFFERENT LEVELS
OF PUBLIC SERVANT BEING CREATED.

8. PROBABLE THAT AGREEMENTS STILL BEING NEGOTIATED WILL
ALSO EXPIRE DECEMBER 31. COMMON EXPIRATION DATE LIKELY
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TO GIVE ADDED IMPETUS TO MOVEMENT TOWARD COORDINATED, IF
NOT JOINT, BARGAINING FOR 1975 AND BEYOND.

9. DESPITE ONWARD MOVEMENT IN GENERAL AGREEMENTS,
SPECTRE OF TROUBLE ON THE DOCKS WORRISOME TO ALL. PRES
HANS ERICSON OF LO TRANSPORT WORKERS MAINTAINS
TRANSPORT WORKERS CANNOT ABANDON RIGHT TO STRIKE AS LONG
AS POSSIBILITY EXISTS THAT INDEPENDENT HARBORWORKERS,
WHO ARE NOT BOUND BY LO-SAF AGREEMENT AND THEREFORE
HAVE NO PEACE OBLIGATIONS, HAVE CAPABILITY TO STRIKE
AND THEREBY OBTAIN BENEFITS BEYOND THOSE AVAILABLE
TO TRANSPORT UNION MEMBERS. FEDERATION OF STEVEDORE
EMPLOYERS IN SAF TALKING WITH BOTH UNIONS AND CLEARLY
TRYING TO WALK THE MIDDLE PATH. IN CONTRAST TO OTHER
SECTORS, HOWEVER, RANCOROUS PUBLIC STATEMENTS OF
ERICSON AND HARBORWORKERS PRES KARL NILLSON MAKING
THESE NEGOTIATIONS VERY DIFFICULT.
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